

NOTICE OF PROPOSED CHANGES IN REGULATIONS OF THE
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS)

ITEM # 1 Quarterly Reporting in the Food Stamp Program

CDSS hereby gives notice of the proposed regulatory action(s) described below. Any person interested may present statements or arguments orally or in writing relevant to the proposed regulations at a public hearing to be held August 25, 2004, as follows:

August 25, 2004
Office Building # 9
744 P St. Auditorium
Sacramento, California

The public hearing will convene at 10:00 a.m. and will remain open only as long as attendees are presenting testimony. The Department will adjourn the hearing immediately following the completion of testimony presentations. The above-referenced facility is accessible to persons with disabilities. If you are in need of a language interpreter at the hearing (including sign language), please notify the Department at least two weeks prior to the hearing.

Statements or arguments relating to the proposals may also be submitted in writing, e-mail, or by facsimile to the address/number listed below. All comments must be received by 5:00 p.m. on August 25, 2004.

CDSS, upon its own motion or at the instance of any interested party, may adopt the proposals substantially as described or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of nonsubstantive, technical, or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption to all persons who testify or submit written comments during the public comment period, and all persons who request notification. Please address requests for regulations as modified to the agency representative identified below.

Copies of the express terms of the proposed regulations and the Initial Statement of Reasons are available from the office listed below. This notice, the Initial Statement of Reasons and the text of the proposed regulations are available on the internet at <http://www.dss.cahwnet.gov/ord>. Additionally, all the information which the Department considered as the basis for these proposed regulations (i.e., rulemaking file) is available for public reading/perusal at the address listed below.

Following the public hearing, copies of the Final Statement of Reasons will be available from the office listed below.

CONTACT: Office of Regulations Development
California Department of Social Services
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CHAPTERS

Manual of Policies and Procedures, Division 63 (Food Stamp Regulations), Chapter 63-000 (Implementation Schedule), Section 63-034 (Implementation of Quarterly Reporting and Prospective Budgeting [QR/PB]); Chapter 63-100 (General Provisions), Section 63-102 (Definitions), Section 63-103 (Definitions - Forms); Chapter 63-300 (Application Process), Section 63-300 (Application Process), Section 63-301 (Application Processing Time Standards); Chapter 63-400 (Eligibility Standards), Section 63-410 (Food Stamp Work Requirement for Able-Bodied Adults Without Dependents [ABAWD]); Chapter 63-500 (Eligibility Determinations), Section 63-501 (Resource Determinations), Section 63-503 (Determining Household Eligibility and Benefit Levels), Section 63-504 (Household Certification and Continuing Eligibility), Section 63-505 (Household Responsibilities), Section 63-508 (Quarterly Reporting), Section 63-509 (Income Eligibility and Benefit Calculation for Quarterly Reporting); Chapter 63-800 (Corrective Actions), Section 63-801 (Claims Against Households), and Section 63-804 (State Hearings)

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Assembly Bill (AB) 444, (Chapter 1022, Statutes of 2002) mandated implementation of Quarterly Reporting/Prospective Budgeting (QR/PB) for both the California Work Opportunity and Responsibility to Kids (CalWORKs) and the Food Stamp Programs. This bill added Sections 11265.1, .2, .3, and 18910 to the Welfare and Institutions Code to mandate implementation of QR/PB in California. AB 1403, (Chapter 398, Statutes of 2003) amended Welfare and Institutions Code Section 11265.3 to further clarify averaging of income over the QR Payment Period.

Through authority provided by the above additions to the Welfare and Institutions Code, the QR/PB program contains the following features:

- Recipients will be required to submit an income/eligibility report once per quarter (in the third month of the quarter).
- Recipients will have limited mandatory reporting requirements during the quarter (referred to as mandatory mid-quarter reports). For the CalWORKs program, these include reporting income that exceeds a specified amount known as the Income Reporting Threshold (IRT), drug felony convictions, fleeing felon status, parole/probation violations and address changes. For the Food Stamp Program, recipients will only be required to report address changes in mid-quarter. Certain nonassistance food stamp recipients will also be required to report changes in work hours that could affect eligibility. However, the Food Stamp Program will review household eligibility when an IRT is reported in the CalWORKs program.
- Eligibility and benefits for a three-month period will be based on information provided on the Quarterly Eligibility Report form (QR 7) and will be determined using prospective budgeting and income-averaging rules.

- Benefits will be "frozen" for the three months of the quarter, except under specified circumstances. Circumstances under which benefits may be adjusted during the quarter include when: a voluntary recipient mid-quarter report results in increased benefits, a mandatory recipient mid-quarter report results in a decrease or discontinuance of benefits, an individual or household requests discontinuance, or a county-initiated action results in decreased benefits.
- Benefits are not decreased or discontinued during the quarter except under the limited circumstances as stated above.

COST ESTIMATE

1. Costs or Savings to State Agencies: Expenditures of approximately \$8,515,000 in the current State Fiscal Year. Savings of \$10,398,000 in State Fiscal Year 2004-05.
2. Costs to Local Agencies or School Districts: None.
3. Nondiscretionary Costs or Savings to Local Agencies: Expenditures of approximately \$2,340,000 in the current State Fiscal Year. Savings of \$4,816,000 in State Fiscal Year 2004-05.
4. Federal Funding to State Agencies: Expenditures of approximately \$10,461,000 in the current State Fiscal Year. Savings of \$16,054,000 in State Fiscal Year 2004-05.

LOCAL MANDATE STATEMENT

These regulations impose a mandate upon county welfare departments but not on school districts. There are no state-mandated local costs in these regulations which require state reimbursement under Section 17500 et seq. of the Government Code. If the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars, reimbursement shall be made from the State Mandates Claims Fund. It is anticipated that overall savings to the General Fund will occur as a result of implementation of these regulations.

STATEMENT OF SIGNIFICANT ADVERSE ECONOMIC IMPACT ON BUSINESS

CDSS has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

STATEMENT OF POTENTIAL COST IMPACT ON PRIVATE PERSONS OR BUSINESSES

CDSS is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

SMALL BUSINESS IMPACT STATEMENT

CDSS has determined that there is no impact on small businesses as a result of filing these regulations because these regulations are only applicable to state and county agencies.

ASSESSMENT OF JOB CREATION OR ELIMINATION

The adoption of the proposed amendments will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California.

STATEMENT OF EFFECT ON HOUSING COSTS

The proposed regulatory action will have no effect on housing costs.

STATEMENT OF ALTERNATIVES CONSIDERED

CDSS must determine that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective and less burdensome to affected private persons than the proposed action.

AUTHORITY AND REFERENCE CITATIONS

CDSS adopts these regulations under the authority granted in Sections 10553 and 10554, Welfare and Institutions Code. Subject regulations implement and make specific Sections 11265.1, .2, .3, and 18910 as added to Welfare and Institutions Code by AB 444, (Chapter 1022, Statutes of 2002), AB 692 (Chapter 1024, Statutes of 2002), and Welfare and Institutions Code Section 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003).

CDSS REPRESENTATIVE REGARDING RULEMAKING PROCESS OF THE PROPOSED REGULATION

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Backup:	Maureen Miyamura	(916) 657-2586

EMERGENCY STATEMENT

These regulations are to be adopted on an emergency basis. In order to allow interested persons an opportunity to submit statements or arguments concerning these regulations, they will be considered at public hearing in accordance with Government Code Section 11346.4.

AGENDA ITEMS FOR THIS PUBLIC HEARING - August 25, 2004

ITEM #1 ORD #0404-01 - Quarterly Reporting in the Food Stamp Program

ITEM #2 ORD #0404-02 - Implementation of the Quarterly Reporting/Prospective Budgeting
(QR/PB) System for the CalWORKs Program